

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2006**

	July-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Policy	Month	Fiscal YTD	FY06	Ended	Ended
		Actual		Net ROR	Net ROR	Net ROR	6/30/2006	6/30/2006
							Net	Net
LARGE CAP DOMESTIC EQUITY								
<i>Structured Growth</i>								
LA Capital	70,304,743	4.3%	4.5%	-3.49%	-3.49%	11.88%	N/A	N/A
Total Structured Growth	70,304,743	4.3%	4.5%	-3.49%	-3.49%	11.88%	12.99%	0.19%
<i>Russell 1000 Growth</i>				-1.90%	-1.90%	6.12%	8.34%	-0.77%
<i>Structured Value</i>								
LSV	76,480,012	4.7%	4.5%	1.80%	1.80%	15.93%	21.06%	12.29%
<i>Russell 1000 Value</i>				2.43%	2.43%	12.10%	15.70%	6.89%
<i>Enhanced Russell 1000 Index</i>								
LA Capital	91,813,327	5.6%	5.7%	-1.13%	-1.13%	12.49%	12.73%	3.75%
<i>Russell 1000</i>				0.22%	0.22%	9.08%	12.05%	3.12%
<i>Enhanced S&P 500 Index</i>								
Northern Trust	94,583,477	5.8%	5.7%	0.84%	0.84%	9.33%	11.32%	2.81%
Westridge	98,633,430	6.0%	4.5%	0.65%	0.65%	8.80%	11.46%	2.80%
Wells Capital	47,078,655	2.9%	3.0%	-1.02%	-1.02%	N/A	N/A	N/A
Total Enhanced S&P 500 Index	240,295,562	14.7%	13.2%	0.40%	0.40%	8.58%	11.40%	2.76%
<i>S&P 500</i>				0.62%	0.62%	8.63%	11.22%	2.49%
<i>S&P 500 Index</i>								
State Street	31,432,364	1.9%	2.1%	0.86%	0.86%	9.62%	11.55%	2.70%
<i>S&P 500</i>				0.62%	0.62%	8.63%	11.22%	2.49%
TOTAL LARGE CAP DOMESTIC EQUITY	510,326,008	31.2%	30.0%	-0.20%	-0.20%	10.93%	13.21%	3.86%
<i>S&P 500</i>				0.62%	0.62%	8.63%	11.22%	2.49%
SMALL CAP DOMESTIC EQUITY								
<i>Manager-of-Managers</i>								
SEI	109,349,004	6.7%	7.2%	-3.55%	-3.55%	13.56%	18.31%	8.00%
<i>Russell 2000 + 200bp</i>				-3.09%	-3.09%	16.86%	21.06%	10.71%
Callan	42,433,236	2.6%	2.8%	-4.14%	-4.14%	N/A	N/A	N/A
<i>Russell 2000</i>				-3.25%	-3.25%			
TOTAL SMALL CAP DOMESTIC EQUITY	151,782,240	9.3%	10.0%	-3.55%	-3.55%	13.40%	18.25%	7.97%
<i>Russell 2000</i>				-3.25%	-3.25%	14.58%	18.70%	8.50%
INTERNATIONAL EQUITY								
<i>Large Cap - Core</i>								
State Street	16,560,869	1.0%	1.0%	1.07%	1.07%	27.85%	20.61%	6.87%
<i>MSCI EAFE (1)</i>				0.99%	0.99%	26.56%	20.76%	5.94%
<i>Large Cap - Active</i>								
Capital Guardian	48,924,325	3.0%	3.0%	0.82%	0.82%	28.01%	21.32%	6.58%
LSV	47,887,731	2.9%	3.0%	1.14%	1.14%	27.77%	N/A	N/A
Bank of Ireland	16,207,764	1.0%	1.0%	0.46%	0.46%	22.00%	19.16%	N/A
Total Large Cap - Active	113,019,820	6.9%	7.0%	0.90%	0.90%	27.11%	21.84%	7.14%
<i>MSCI EAFE - 50% Hedged</i>				0.98%	0.98%	26.72%	22.56%	6.89%
<i>Small Cap - Active</i>								
Lazard	15,611,024	1.0%	1.0%	-2.15%	-2.15%	25.04%	29.34%	N/A
Wellington	15,734,621	1.0%	1.0%	0.23%	0.23%	23.35%	25.26%	N/A
Total Small Cap - Active	31,345,645	1.9%	2.0%	-0.97%	-0.97%	24.18%	27.28%	N/A
<i>Citigroup Broad Market Index < \$2BN</i>				-2.00%	-2.00%	29.21%	32.38%	N/A
TOTAL INTERNATIONAL EQUITY	160,926,334	9.8%	10.0%	0.55%	0.55%	26.61%	22.77%	8.74%
<i>MSCI EAFE - 50% Hedged</i>				0.98%	0.98%	26.72%	22.56%	6.89%
EMERGING MARKETS EQUITY								
<i>Core</i>								
JP Morgan	15,048,065	0.9%	0.9%	1.75%	1.75%	N/A	N/A	N/A
PanAgora	13,037,011	0.8%	0.0%	2.17%	2.17%	N/A	N/A	N/A
WestLB	13,382,589	0.8%	0.0%	1.42%	1.42%	N/A	N/A	N/A
UBS	23,492,040	1.4%	1.5%	1.71%	1.71%	N/A	N/A	N/A
Total Core	64,959,705	4.0%	4.9%	1.76%	1.76%	35.59%	32.44%	18.61%
<i>MSCI Emerging Markets</i>				1.50%	1.50%	35.91%	22.39%	12.89%
<i>Small Cap</i>								
DFA	14,108,642	0.9%	1.0%	2.22%	2.22%	N/A	N/A	N/A
<i>MSCI Emerging Markets</i>				1.50%	1.50%			
TOTAL EMERGING MARKETS EQUITY	79,068,347	4.8%	5.0%	1.84%	1.84%	34.40%	32.05%	18.40%
<i>MSCI Emerging Markets</i>				1.50%	1.50%	35.91%	34.76%	21.54%
DOMESTIC FIXED INCOME								
<i>Core Bond</i>								
Western Asset	44,907,666	2.7%	2.9%	1.56%	1.56%	-1.15%	2.65%	5.96%
<i>Lehman Aggregate</i>				1.35%	1.35%	-0.81%	2.05%	4.97%
<i>Index</i>								
Bank of ND	88,552,794	5.4%	6.0%	1.25%	1.25%	-1.37%	1.53%	5.24%
Total Index	88,552,794	5.4%	6.0%	1.25%	1.25%	-0.69%	2.10%	5.27%
<i>Lehman Gov/Credit</i>				1.30%	1.30%	-1.52%	1.60%	5.13%
<i>Convertibles</i>								
TCW	41,165,486	2.5%	2.9%	-0.54%	-0.54%	4.54%	6.78%	1.15%
<i>Merrill Lynch All Convertibles</i>				0.23%	0.23%	9.37%	8.01%	4.94%

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	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2006	6/30/2006
Net							Net	Net
BBB Average Quality								
Wells Capital	44,104,360	2.7%	2.9%	1.52%	1.52%	-2.70%	3.36%	5.51%
Lehman BBB				1.58%	1.58%	-2.37%	2.39%	6.10%
Private Debt								
Prudential	45,003,495	2.7%	2.9%	1.39%	1.39%	-0.13%	N/A	N/A
Lehman Aggregate				1.35%	1.35%	-0.81%	N/A	N/A
Timberland								
RMK	34,859,510	2.1%	2.1%	-0.06%	-0.06%	-1.44%	7.62%	N/A
TIR	73,038,179	4.5%	4.5%	-0.03%	-0.03%	13.53%	N/A	N/A
Total Timberland	107,897,690	6.6%	6.6%	-0.04%	-0.04%	9.43%	20.37%	N/A
NCREIF Timberland Index				1.15%	1.15%	19.69%	13.94%	N/A
TOTAL DOMESTIC FIXED INCOME	371,631,491	22.7%	24.0%	0.73%	0.73%	3.12%	8.91%	8.14%
Lehman Aggregate				1.35%	1.35%	-0.81%	2.05%	4.97%
HIGH YIELD BONDS								
Core								
Loomis Sayles	40,491,123	2.5%	2.5%	1.52%	1.52%	4.74%	N/A	N/A
Sutter/Wells Capital	40,578,119	2.5%	2.5%	0.92%	0.92%	4.70%	N/A	N/A
Total Core	81,069,242	5.0%	5.0%	1.22%	1.22%	4.72%	5.70%	3.38%
LB High Yield 2% Issuer Constrained Index				0.86%	0.86%	4.38%	N/A	N/A
Mezzanine Debt								
Goldman Sachs	396,567	0.0%	0.0%	0.00%	0.00%	N/A	N/A	N/A
TOTAL HIGH YIELD BONDS	81,465,809	5.0%	5.0%	1.21%	1.21%	4.72%	8.34%	7.47%
LB High Yield 2% Issuer Constrained Index				0.86%	0.86%	4.38%	8.48%	8.60%
INTERNATIONAL FIXED INCOME								
International Sovereign								
UBS Global (Brinson)	41,752,012	2.6%	2.5%	0.43%	0.43%	0.13%	5.24%	9.99%
Citigroup Non-US Gov't Bond Index (2)				0.69%	0.69%	-0.11%	5.01%	9.58%
International Core								
Brandywine	42,406,569	2.6%	2.5%	1.52%	1.52%	3.89%	8.39%	N/A
Lehman Global Aggregate (ex-US)				0.00%	0.00%	3.83%	5.69%	N/A
TOTAL INTERNATIONAL FIXED INCOME	84,158,581	5.1%	5.0%	0.98%	0.98%	2.01%	6.82%	10.91%
Citigroup Non-US Gov't Bond Index (2)				0.69%	0.69%	0.00%	5.05%	9.60%
REAL ESTATE								
INVESCO	46,204,470			0.00%	0.00%	23.84%	17.33%	12.38%
J.P. Morgan Strategic & Special Funds	45,852,911			1.31%	1.31%	21.05%	17.14%	12.52%
J.P. Morgan Alternative Property Fund	10,348,395			0.00%	0.00%	N/A	N/A	N/A
TOTAL REAL ESTATE	102,405,776	6.3%	5.0%	0.59%	0.59%	22.09%	17.09%	12.36%
NCREIF TOTAL INDEX				1.32%	1.32%	18.22%	15.63%	12.19%
ALTERNATIVE INVESTMENTS								
Brinson IVCF II	60,623			0.00%	0.00%	22.67%	13.90%	-0.56%
Coral Partners II	100,201			0.00%	0.00%	3.74%	6.19%	-9.24%
Coral Partners V	4,826,992			0.00%	0.00%	8.74%	-15.32%	-24.06%
Coral Partners V - Supplemental	438,304			0.00%	0.00%	10.53%	10.33%	N/A
Coral Partners VI	6,798,454			0.00%	0.00%	-6.22%	-10.14%	N/A
Brinson 1998 Partnership Fund	1,295,191			0.00%	0.00%	16.52%	15.11%	1.97%
Brinson 1999 Partnership Fund	2,313,317			0.00%	0.00%	14.27%	12.72%	-1.26%
Brinson 2000 Partnership Fund	6,842,555			0.00%	0.00%	28.22%	17.90%	3.70%
Brinson 2001 Partnership Fund	3,879,259			0.00%	0.00%	19.85%	9.95%	3.22%
Brinson 2002 Partnership Fund	2,613,775			0.00%	0.00%	32.42%	13.22%	N/A
Brinson 2003 Partnership Fund	633,279			0.00%	0.00%	25.48%	6.77%	N/A
Brinson 1999 Non-US Partnership Fund	1,183,766			0.00%	0.00%	40.48%	30.98%	18.60%
Brinson 2000 Non-US Partnership Fund	1,338,717			0.00%	0.00%	35.03%	21.65%	13.01%
Brinson 2001 Non-US Partnership Fund	1,943,395			0.00%	0.00%	27.25%	17.46%	8.96%
Brinson 2002 Non-US Partnership Fund	2,703,214			0.00%	0.00%	38.11%	22.66%	N/A
Brinson 2003 Non-US Partnership Fund	1,554,333			0.00%	0.00%	31.08%	8.89%	N/A
Brinson 2004 Non-US Partnership Fund	677,360			0.00%	0.00%	24.56%	N/A	N/A
Brinson BVCF IV	8,603,126			0.00%	0.00%	31.35%	19.07%	0.41%
Matlin Patterson Global Opportunities	6,879,135			0.00%	0.00%	-11.68%	26.48%	N/A
Matlin Patterson Global Opportunities II	11,868,998			0.00%	0.00%	-0.85%	N/A	N/A
InvestAmerica	2,074,150			0.00%	0.00%	0.00%	-9.20%	N/A
Hearthstone MSII	0			0.00%	0.00%	-100.00%	-100.00%	-100.00%
Hearthstone MSIII	1,878,428			0.00%	0.00%	59.61%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (3)	70,506,573	4.3%	5.0%	3.02%	0.00%	11.08%	10.37%	-2.92%
CASH EQUIVALENTS								
Northern Trust STIF/STEP	24,515,292	1.5%	1.0%	0.30%	0.30%	4.31%	2.64%	2.41%
90 Day T-Bill				0.42%	0.42%	4.00%	2.37%	2.25%
TOTAL FUND	1,636,786,452	100.0%	100.0%	0.18%	0.18%	12.00%	14.23%	7.93%
POLICY TARGET BENCHMARK				0.66%	0.66%	10.07%	11.75%	6.64%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(3) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual